APPENDIX II.

[Vide answer to question No. 149 asked by Mr. G. Rameswara Rao at the meeting of the Legislative Council held on the 5th February 1925, page 293 supra.]

Paragraphs 35 and 73 of Part VI of the Annual Report on the working of the Local Audit Department, Madras, for 1923–24.

Defalcations.

Paragraph 35.—Eleven cases of embezzlements and temporary misappropriations of municipal money ranging from Rs. 10–2–0 to Rs. 1,802–14–0 were reported to this office after the submission of the last consolidated audit report. As several other cases were noticed during audit, it is evident that the rule in article 64 of the Municipal Account Code that all such cases should be reported to this office is not strictly followed.

It was observed in all cases that the defalcations and misappropriations were not due to any defect in the rules, but that the frauds were rendered possible by lack of supervision and neglect of the rules laid down in the Municipal Account Code. In almost all the cases reported, the delinquents were bill collectors. If only the rules relating to the issue of bill books and to the scrutiny of collections were followed, the frauds could have been detected earlier if they could not altogether have been prevented. A closer and a more intelligent supervision over the work of the subordinate municipal staff, strictly in compliance with the rules, is very much needed so as to minimize frauds.

The Manager of the Saidapet Municipal office, who was mainly responsible for the temporary misappropriations of about Rs. 2,000 referred to in paragraph 39 (*a*) of the Audit Report of 1922–23 and who absconded, was recently traced and prosecuted. He was convicted to six months' rigorous imprisonment and a fine of Rs. 200.

A tax clerk of the Rajahmundry Municipal office defalcated cesspool and license fees to the extent of Rs. 1,978–5–4 of which he has paid back Rupees 1,778–5–4; the difference of Rs. 200 is proposed to be adjusted from the Provident Fund account of the clerk. It would appear that the clerk had been making collections of municipal revenues without the knowledge of his superior officers. He was prosecuted and the result of the prosecution is awaited.

A sum of Rs. 1,802–14–0 was found missing from the cash chest of the Nellore Municipal office on 7th July 1924. After departmental inquiry, the Chairman suspended the head accountant and the acting shroff and also dispensed with the services of two watchmen. The police could not detect the culprits, and information as to the final administrative action taken by the Chairman is awaited.

Two other cases of temporary misappropriation were also reported from the same municipality. The amounts involved, viz., Rs. 30–9–11 and Rs. 57–11–9, being revenues collected but not credited into the Municipal office, were subsequently recovered. The defaulter was fined in one case and dismissed in the other.

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In the Vizianagram municipality, embezzlement to the extent of Rupees 435-8-0 by the shroff, the tax clerks and the manager were noticed; of this, a sum of Rs. 402 has been recovered and the balance is pending adjustment. In this case, spurious bills from old bill books in the names of persons other than those in the demand registers and bills for amounts larger than those due according to the books of the Municipal office were issued without any scrutiny by any responsible officer and the Chairman as required by article 134 of the Municipal Account Code. All the subordinates concerned are stated to have been dismissed from service.

In the Bezwada municipality, two bill collectors absconded with the tax collected by them, one with Rs. 240-6-1 and another with Rs. 83-8-0. The amounts were, however, made good by their relations.

Two ward peons employed in the Cocanada Municipality misappropriated private scavenging fees amounting to Rs. 49-12-6 and Rs. 67-2-0. The amounts were recovered and the peon was dismissed in one case and reduced in the other.

Paragraph 73.—Since the submission of the last consolidated audit report, seven cases of embezzlements and temporary misappropriations of local boards' money ranging from Rs. 8-4-0 to Rs. 130-1-0 were reported. As several other cases were noticed during audit, it is evident that the rules in the Local Boards Manual and the Union Manual to the effect that all such cases should be reported to this office are not strictly followed.

It is regrettable to note that since the introduction of the Local Boards Act, 1920, the delinquents in some cases were none other than the presidents of local boards.

Reports regarding the final action taken with regard to the following embezzlements and misappropriations noticed in previous years have not yet been received in this office:—

Local Boards.	Amount. RS.	A.	P.	Remarks.
Bhattiprolu Union Board (Guntur district).	31	0	0	Union Board collections misappropriated by clerk in December 1922.
Addanki Union Board ...	47	0	0	Union Board collections not remitted into treasury in 1922.
Cuddalore Taluk Board ..	28	0	0	Pay of Fakirpalayam school establishment for November 1922 misappropriated by the acting headmaster.
Ramnad Taluk Board ...	37	4	0	Profession tax collected and misappropriated by the acting headman of Chittarotai in 1923.
Coimbatore District Board.	108	14	0	Amount drawn by a contractor on a forged cheque in 1923.
Tittagudi Union Board ...	5	8	0	Balance of amount misappropriated by union clerk in 1923.

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In the matter of the defalcation of Rs. 3,679 by the clerk of the Abiramam Union Board referred to in paragraph 63 (*a*) of the last consolidated audit report, no recovery of the amount has yet been made; a prosecution launched against the clerk and the maistri is pending as they have absconded. At the instance of the Government, a civil suit has been filed against the President of the Union Board for the recovery of the sum.

A sum of Rs. 4,901–6–3 was defalcated by the President of the Rameswaram Union Board. This sum included pilgrim tax to the extent of Rs. 2,802–1–0 and a sum of Rs. 1,000 drawn from the treasury as an advance for the purchase of articles required by the Conservancy Department. The President who was prosecuted has been convicted and sentenced to pay a fine of Rs. 100 and to suffer imprisonment till the rising of the Court. The whole of the amount embezzled was made good.

In Gajapathinagaram Union Board in the Godavari district, the ex-President and an ex-clerk of the Union Board were reported to have collected and drawn from the treasury sums to the extent of Rs. 2,295 for works which were not executed, though they were alleged to have been. The case is now under police investigation.

The President of the Tekkali Union Board (Ganjam district) is under trial on a charge of misappropriation of Union Board funds amounting to Rs. 2,100 drawn by him for the purpose of repairing a union tank and sinking temporary wells. The result of the trial is awaited.

The President of the Chilakalurpeta Union Board (Guntur district) was prosecuted for the temporary misappropriation of two sums, viz., Rs. 1,440 drawn from the treasury between 9th February 1923 and 11th July 1923 and Rs. 453, being realizations of revenue not remitted into the sub-treasury even after the misappropriation was pointed out in audit. The prosecution resulted in the conviction of the President on both the charges in the lower Court, but, on appeal, the conviction was set aside on the first charge, but confirmed on the second, the ex-President being sentenced to two months' rigorous imprisonment and a fine of Rs. 300.

In the Attur Union (Salem district), a sum of Rs. 1,304–2–0 was misappropriated. Of this, a sum of Rs. 1,101–12–4 has been recovered. The audit of the accounts disclosed that they had been falsified by the union clerk. Government, in their order G.O. Mis. No. 2030, L. & M., dated 24th July 1924, have instructed the President, District Board, Salem, to institute criminal proceedings against the culprits. The result is awaited.

At a special audit of the accounts of the Narasaraopet Taluk Board (Guntur district), it was noticed that sale-proceeds realized by the President and Vice-President and amounts drawn by them from the treasury on different occasions for different purposes were not properly accounted by them. When the Collector of the district was deputed by Government to inquire into these irregularities, a sum of Rs. 507–13–0 was refunded by the President and a sum of Rs. 662–6–1 by the Vice-President. The further result of the inquiry is awaited.

In the Ganjam district, a sum of Rs. 206–13–2, being an amount at credit of a vaccinator in the Provident Fund, was drawn from the Post Office Savings Bank in January 1922, but was not disbursed to the subscriber. A

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second claim was preferred in July 1922 for the same amount and it was drawn from the Aska sub-treasury. The amount drawn on the first occasion was not accounted for.

As a result of a disregard of rules, serious irregularities were noticed in the Vizianagram Taluk Board in accounting for profession tax and other collections. A taluk board member was entrusted with the supervision and collection of amount due to the Taluk Board and the Vice-President received amounts collected by bill collectors with the result that a total sum of Rs. 840 remained unaccounted for, the persons responsible for the non-remittance being the Vice-President, a member of the Taluk Board, the head clerk, the tax clerk and a temporary clerk.

The temporary President of the Kuniamuttur (Major) Union Board retained the revenues of the Union Board amounting to Rs. 732-4-0 realized from 13th January to 27th March 1924, paid Rs. 124 therefrom on 9th February 1924 instead of issuing a cheque towards the pay of the Union Board staff for January 1924, remitted Rs. 389 into the treasury on 31st March 1924, Rs. 31-4-0 on 28th April 1924 and Rs. 188 on 2nd August 1924, without any explanation for the delay in remitting the collections, although executive instruction (196) part I of the Union Board Manual, specifically lays down that all collections in unions in which there are no Government treasuries should be remitted on the 21st of each month unless they amount to Rs. 50 when they should be remitted forthwith. It has to be observed that the withholding of collections for long periods instead of crediting them to the treasury as required by the rules is tantamount to temporary misappropriation unless the contrary is proved.

A sum of Rs. 653-4-0 appertaining to the Kovur Union Board (Kistna district) was misappropriated by the union clerk ; the police inquiry into the matter is stated to be pending.

Owing to lack of supervision, a sum of Rs. 257-13-4 was defalcated by the clerk of the Narasapatam Union Board (Vizagapatam district) who died in June 1924. The amount has not yet been made good.

The cash balance of the Valangiman Union Board (Tanjore district) amounting to Rs. 141-6-2 was not available for verification during audit, although it was repeatedly called for. If it was in the cash chest, there was no justification for its non-production.

A sum of Rs. 342 collected by the potail of Kadavoor on behalf of the Udipi Taluk Board (South Kanara district) between November 1922 and May 1923, on account of profession tax, was remitted on the 4th June 1923, in consequence of which he was fined Rs. 2 by the Revenue Divisional Officer. Irregularities of this kind are due to lack of efficient supervision.